

## **Section B**

### **Supplies or Services and Prices/Costs**

#### **B.1 Clauses and Provisions**

Clauses and provisions from the Federal Acquisition Regulation (FAR) and its supplements may be incorporated in this document either by reference or in full text. Those incorporated by reference have the same force and effect as if they were given in full text.

#### **B.2 General**

The Government seeks contractors to assume ownership, operation and maintenance of the Domestic Water Treatment and Distribution System and Domestic Wastewater Collection and Treatment System at Fort Riley, Kansas, as specified in [Section B.3](#). The Contractor shall furnish all necessary labor, management, supervision, permits, equipment, supplies, materials, transportation, and any other incidental services required for the complete ownership, operation, maintenance, repair, upgrade, and improvement of these utility systems. These services shall be provided in accordance with all terms, conditions, and special contract requirements, specifications, attachments, and drawings contained in this solicitation or incorporated by reference.

Offers are not required to offer on all of the utility systems specified in [B.3, Schedule A](#). Offers may be submitted on individual system(s) or on groups of systems on an all or none basis. Award may be made to a single offeror for both systems (single award -- multiple systems), or separate awards may be made to different offerors (multiple awards -- single systems). For all offers, whether grouped or not, the Offeror shall provide a separate price schedule for each contract line item. Offers on grouped systems that do not include a separate price schedule for each line item will not be considered for award. For purposes of economic comparison required by 10 U.S.C. 2688, each system will be analyzed separately. Offerors are advised that if any individual system within a grouped offer does not satisfy the economic criteria for award the grouped offer will not be considered.

#### **B.3 Systems to Be Privatized**

The contract line item numbers (CLINs), shown in schedule A represents the utility systems included in this solicitation for privatization.

#### **SCHEDULE A**

##### **Utility System Contract Line Item Numbers**

| CLIN | Installation       | Utility System      |
|------|--------------------|---------------------|
| 0001 | Fort Riley, Kansas | Domestic water      |
| 0002 | Fort Riley, Kansas | Domestic Wastewater |

#### **B.4 Price Proposal**

Offerors must complete Price Schedules and accompanying Price Schedule Data Sheets that are consistent within the pricing methodology they propose:

| Proposal  | Section | Price Schedule | Price Schedule Data Sheets                                       |
|---|---------|----------------|--|
| Regulated Tariff Rate<br>(Includes Special Contracts) | B.4.1   | B1             | Schedules 1 & 2<br>(if separately identified)<br>Schedules 3 & 4 |
| Firm Fixed Price                                      | B.4.2   | B2 (A or B)    | Schedules 1, 2, 3, 4   |
| Fixed-Price with Economic Price Adjustment            | B.4.3   | B3 (A or B)    | Schedules 1, 2, 3, 4   |
| Fixed-Price with Prospective Price<br>Redetermination | B.4.4   | B4 (A or B)    | Schedules 1, 2, 3, 4   |

**B.4.1 Regulated Tariff Rate Proposal**

Available to public utilities offering regulated rates. Regulated utilities are encouraged to provide service in accordance with their standard methods of service and standard service practices. It is acceptable for regulated utilities to submit an offer contingent upon regulatory approval, provided a proposed time frame for approval is provided.

**SCHEDULE B-1 REGULATED TARIFF RATES****Payment by the Government for Utility Service**

| <b>Fort Riley, Kansas</b>  |   |                                      |
|--|---|--------------------------------------|
| CLIN <sup>a</sup> :<br>_____   | Utility System: _____   | Tariff/Schedule/Rate                 |
| Sub-CLINs  | Supplies/Services   |                                      |
| AA   | Applicable Tariff(s) <sup>a</sup> (See <a href="#">B.5.1</a> )  | \$ _____                             |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate   | \$ _____                             |
| AC   | Initial Capital Upgrades / Connection Charges <sup>b</sup> (see <a href="#">B.5.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.) | \$ <u>Varies</u> –<br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price <sup>b</sup> (see <a href="#">B.5.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the price offered for Sub-CLIN AA.)         | \$ <u>Varies</u> –<br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>. Offerors shall provide a comprehensive description of proposed tariffs in their Price Proposals. See <a href="#">B.5.1</a>.</p> <p><sup>b</sup> SUBCLINs AC and AD are required <u>only</u> if the tariff provides for <u>separate</u> identification of connection charges and the recoverable portion of the purchase price. If separate identification is not provided, it will be assumed the tariff rate includes these costs.</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror.</p> |   |                                      |

**B.4.2 Firm Fixed Price Proposal****SCHEDULE B-2A -- Firm Fixed Price Monthly Service Charge  
Payment by the Government for Utility Service**

| Fort Riley, Kansas   |  |                                      |
|--|--|--------------------------------------|
| CLIN <sup>a</sup> :  | Utility System: _____  | MONTHLY SERVICE CREDIT/CHARGE        |
| Sub-CLINS  | SUPPLIES/SERVICES  |                                      |
| AA   | Fixed Monthly Charge (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup><br>Fixed Term (Months): _____ | \$ _____                             |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____  | \$(_____)                            |
| AC   | Initial Capital Upgrades – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.)  | \$ <u>Varies</u> –<br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the price offered for Sub-CLIN AA.)   | \$ <u>Varies</u> –<br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly Charge, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA.</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror.</p> |  |                                      |

**SCHEDULE B-2B -- Alternative Firm Fixed Price Volumetric Price Schedule  
Payment by the Government for Utility Service**

| Fort Riley, Kansas  |   |   |
|---|---|---|
| CLIN <sup>a</sup> :   | Utility System: _____   | MONTHLY SERVICE CREDIT/CHARGE                                 |
| Sub-CLINS   | SUPPLIES/SERVICES   |   |
| AA  | Fixed Monthly <b>Rate</b> (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup><br>Fixed Term (Months): _____ | \$ _____ <b>per</b><br><b>1,000 gallons</b>                   |
| AB  | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____   | \$(_____ <b>per</b><br><b>1,000 gallons</b>                   |
| AC  | Initial Capital Upgrades <b>Rate</b> – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.)   | \$ _____ <b>per</b><br><b>1,000 gallons</b><br>See Schedule 3 |
| AD  | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the <b>rate</b> offered for Sub-CLIN AA.)  | \$ _____ <b>per</b><br><b>1,000 gallons</b><br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly <b>Rate</b>, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA.</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror.</p> |   |   |

**B.4.3 Fixed-Price Economic Price Adjustment Proposal****SCHEDULE B-3A -- Fixed-Price Economic Price Adjustment Monthly Service Charge  
Payment by the Government for Utility Service**

| Fort Riley, Kansas   |   |                                      |
|--|---|--------------------------------------|
| CLIN <sup>a</sup> :  | Utility System: _____   | MONTHLY SERVICE CREDIT/CHARGE        |
| Sub-CLINS  | SUPPLIES/SERVICES   |                                      |
| AA   | Fixed Monthly Charge (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup><br><i>INDEX FOR ESCALATION (Year 1 THROUGH Year N)</i> <i>Internet Location of Index Adjustment</i> _____<br><i>Methodology (e.g. Annual or Monthly)</i> _____ | \$ _____<br>_____                    |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____   | \$(_____)                            |
| AC   | Initial Capital Upgrades – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.)   | \$ <u>Varies</u> –<br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the price offered for Sub-CLIN AA.)  | \$ <u>Varies</u> –<br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly Charge, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA. In their Price Proposals, offerors shall provide a thorough explanation of the price index they propose and describe their proposed methodology for adjusting prices. (see <a href="#">B.6.5</a>, <i>Index Methodology</i>)</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror.</p> |   |                                      |

**SCHEDULE B-3B -- Alternative Fixed-Price Economic Price Adjustment Volumetric Price Schedule  
Payment by the Government for Utility Service**

| Fort Riley, Kansas   |  |   |
|--|--|---|
| CLIN <sup>a</sup> :  | Utility System: _____  | MONTHLY SERVICE CREDIT/CHARGE                                 |
| Sub-CLINS  | SUPPLIES/SERVICES  |   |
| AA   | Fixed Monthly <b>Rate</b> (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup><br><i>INDEX FOR ESCALATION (Year 1 THROUGH Year N)</i> <i>Internet Location of Index Adjustment Methodology (e.g. Annual or Monthly)</i> _____ | \$ _____ <b>per</b><br><b>1,000 gallons</b>                   |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____  | \$(_____) <b>per</b><br><b>1,000 gallons</b>                  |
| AC   | Initial Capital Upgrades – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the <b>rate</b> offered for Sub-CLIN AA.)  | \$ _____ <b>per</b><br><b>1,000 gallons</b><br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the <b>rate</b> offered for Sub-CLIN AA.)   | \$ _____ <b>per</b><br><b>1,000 gallons</b><br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly Charge, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA. In their Price Proposals, offerors shall provide a thorough explanation of the price index they propose and describe their proposed methodology for adjusting prices. (see <a href="#">B.6.5</a>, <i>Index Methodology</i>)</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror.</p> |  |   |

**B.4.4 Fixed-Price with Prospective Price Redetermination Proposal****SCHEDULE B-4A -- Monthly Fixed-Price with Prospective Price Redetermination Service Charge  
Payment by the Government for Utility Service**

| Fort Riley, Kansas   |  |                                      |
|--|--|--------------------------------------|
| CLIN <sup>a</sup> :  | Utility System: _____  | MONTHLY SERVICE CREDIT/CHARGE        |
| Sub-CLINS  | SUPPLIES/SERVICES  |                                      |
| AA   | Fixed Monthly Charge (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup> | \$ _____                             |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____  | \$(_____)                            |
| AC   | Initial Capital Upgrades – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.)  | \$ <u>Varies</u> –<br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the price offered for Sub-CLIN AA.)   | \$ <u>Varies</u> –<br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly Charge, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge and new capital upgrades will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, FAR 52.243-1 Alt 1, <i>Changes – Fixed Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA.</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror. Also note that although the FAR Part 31 cost principles may not apply for the first two-year fixed period of any resultant contract, the cost principles will apply during the redetermination phases of a resultant contract.</p> |  |                                      |

**SCHEDULE B-4B -- Alternative Fixed-Price with Prospective Price Redetermination  
Volumetric Price Schedule  
Payment by the Government for Utility Service**

| Fort Riley, Kansas   |   |   |
|--|---|---|
| CLIN <sup>a</sup> :  | Utility System: _____   | MONTHLY SERVICE CREDIT/CHARGE                   |
| Sub-CLINS  | SUPPLIES/SERVICES   |   |
| AA   | Fixed Monthly <b>Rate</b> (see <a href="#">B.6.1</a> and <a href="#">B.7.2</a> )<br>The Contractor shall provide utility service in accordance with Section C, <i>Descriptions, Specifications, and Work Statement</i> . <sup>b</sup> | \$ _____ per<br>1,000 gallons                   |
| AB   | Monthly Credit as Payment for Purchase Price. (see <a href="#">B.6.2</a> )<br>\$ _____ Monthly Credit _____ # of months _____ Interest Rate _____   | \$(_____) per<br>1,000 gallons                  |
| AC   | Initial Capital Upgrades – (see <a href="#">B.6.3</a> and <a href="#">B.7.4</a> (Schedule 3). This amount should not be included in the <b>rate</b> offered for Sub-CLIN AA.)   | \$ _____ per<br>1,000 gallons<br>See Schedule 3 |
| AD   | Recoverable Portion of Purchase Price (see <a href="#">B.6.4</a> and <a href="#">B.7.5</a> (Schedule 4). This amount should not be included in the <b>rate</b> offered for Sub-CLIN AA.)  | \$ _____ per<br>1,000 gallons<br>See Schedule 4 |
| <p><sup>a</sup> CLIN number to be filled in by the Offeror. CLIN numbers are shown in Schedule A paragraph <a href="#">B.3</a>, <i>Systems to be Privatized</i>.</p> <p><sup>b</sup> The Offeror should enter the Fixed Monthly Charge, as computed in Schedule 1 (see <a href="#">B.7.2</a>). Additions to the Fixed Monthly Charge and new capital upgrades will be handled in accordance with Section <a href="#">H.11</a>, <i>Accounting for Capital Upgrades/Purchase Price</i>, FAR 52.243-1 Alt 1, <i>Changes – Fixed Price</i>, and Schedules 3-4, but should not be included in the price offered for Sub-CLIN AA.</p> <p><b>NOTE:</b><br/>The Purchase Price, Recoverable Portion of the Purchase Price, interest rate and amortization period are proposed by the Offeror. Also note that although the FAR Part 31 cost principles may not apply for the first two-year fixed period of any resultant contract, the cost principles will apply during the redetermination phases of a resultant contract.</p> |   |   |

## **B.5 Service Charges for Schedule B-1**

### **B.5.1 Sub-CLIN AA: Applicable Tariff(s)**

Offerors proposing tariff offers shall include a comprehensive description of the tariff in their price proposal. The Offeror shall propose a tariff rate or rates no less favorable than that offered to similarly situated utility customers. The Offeror shall provide an explanation of the tariff, identify the buildings to which it applies, and identify any assumptions regarding service quantity and quality. The Offeror shall describe how the offered tariff rate differs from the rate under which the Installation is currently receiving service and the economic impact of any proposed change. The Offeror shall also describe the regulatory process, if any, which will govern future rate changes (see [L.7, Proposal Preparation Instructions - Volume IV: Price Proposal](#)). The total monthly price will be the sum of the amount due under the Applicable Tariff(s), the recoverable portion of the purchase price as defined below and listed in the price proposal, and capital upgrades/connection charges, as defined below and listed in the price proposal.

### **B.5.2 Sub-CLIN AB: Monthly Credit as Payment for Purchase Price**

The monthly credit is the monthly portion of the purchase price that will be credited to the Government over the number of months proposed by the offeror. The purchase price is the product of the monthly credit multiplied by the number of months the Government will receive the credit. (Sub-CLIN AB). The credit will be applied to the fixed monthly charge, as defined in Sub-CLIN AA.

#### ***Special Note for Purchase Price of Advanced Wastewater Treatment Plant.***

***Currently under construction is a new 2.35 million gallons per day (MGD) Advanced Wastewater Treatment Plant. This plant will replace three trickling filter treatment plants. The new facilities will collect raw wastewater that is currently treated at three plants and provide advanced treatment at the new treatment plant located on Custer Hill. Domestic wastewater will be collected from sources around the post and conveyed through the gravity collection system to a series of pump stations that will pump the wastewater to the Advanced Wastewater Treatment Plant. The project includes the demolition of two existing wastewater treatment plants, the construction of two new major lift stations, and the rebuilding of one smaller lift station. Details of the plant and other construction are included in the technical attachments.***

***The Government will retain ownership of all new construction associated with this project through the completion of the warranty period, one year after construction completion. A contract awarded for the ownership of the wastewater distribution system will not include the new construction. The successful new owner will operate and maintain the new treatment plant and associated construction during the warranty period. Following the warranty period, the final construction cost will be determined and the utility distribution system contract will be modified to turn over the new construction and delete any demolished system facilities, with a cost based on the final construction cost.***

### **B.5.3 Sub-CLIN AC: Initial Capital Upgrades/Connection Charges**

See footnote (b) on [Schedule B-1](#). The following applies if connection charges (initial capital upgrades) are priced separately from the tariff rate.

The requirement to perform an initial capital upgrade may originate from either a Government specified requirement, in which case the project will be listed in the relevant Utility Specific Attachment in Section J of this solicitation, or as a result of the Offeror's determination that the upgrade is necessary to meet legally applicable regulatory requirements, or to achieve the standards typically maintained by the Offeror on its utility systems. The Offeror must provide rationale to support any projects the Offeror proposes.

The Offeror shall provide price information for capital upgrades in accordance with [C.11.2, Capital Upgrades and Renewals and Replacements](#). Information to support the price proposed for capital upgrades shall include project name, the interest rate, total upgrade project cost, the first full month project will be put into service, the amortization period, and the monthly charge associated with each upgrade/connection charge. This information shall be provided in Schedule 3 (See [B.7.4](#)).

If not encompassed in a tariff rate, the price of each upgrade proposed by the Offeror in Schedule 3 of the Price Proposal will be added to the Fixed Monthly Charge, for the number of months indicated, when the upgrade is put in useful service.

The price for each initial capital upgrade is fixed. However, the price may be subject to equitable adjustment if the cost of work is materially increased or decreased as the result of a discrepancy in system inventory or condition. In order to qualify for equitable adjustment, the Offeror must clearly identify in its price proposal all relevant assumptions underlying the proposed upgrade, and for each system inventory or condition deviation, state the price adjustment and the basis for that adjustment (See Clause [C.11.1](#) and [L.7.5](#)).

The price for each upgrade will be amortized over the term proposed by the Offeror in the Price Proposal. With every monthly invoice that includes a request for payment for a capital upgrade identified in Schedule 3, the Contractor shall submit an amortization schedule. The amortization schedule shall specify for each upgrade the principal and interest component of each additional monthly payment to be included in the Fixed Monthly Charge, the number of the payment (of the total payments required), and the remaining unamortized principal balance.

**Future capital upgrades for which the Government agrees to pay in accordance with Paragraph [C.11](#), *Upgrades and Renewals and Replacements*, will be paid in accordance with the method proposed by the Offeror and accepted by the Government.**

#### **B.5.4 Sub-CLIN AD: Recoverable Portion of the Purchase Price**

See footnote (b) on [Schedule B-1](#). The recoverable portion of the utility system purchase price will be listed in Schedule 4 (See [B.7.5](#)) for the relevant utility system. The recoverable portion of the utility system purchase price will be added to the Fixed Monthly Charge or the Monthly Service Charge for the relevant utility system. The recoverable portion of the purchase price will be recovered in accordance with the amount and number of months agreed to by the parties in accordance with Paragraph [L.7.5](#), *Detailed Instructions for Price Proposal*.

### **B.6 Service Charges for Schedules B-2, B-3, and B-4**

#### **B.6.1 Sub-CLIN AA – Fixed Monthly Charge**

The Fixed Monthly Charge consists of two components, operations and maintenance and renewals and replacements (Schedules 1-2)(see [B.7.2](#) and [B.7.3](#)). The price of the capital upgrades listed in Schedule 3 will be added to the Fixed Monthly Charge for the duration of the amortization period. The recoverable portion of the purchase price listed in the price proposal (Schedule 4)(see [B.7.5](#)) will be added to the Fixed Monthly Charge for the number of months proposed by the Offeror.

The total monthly price due to the Contractor will be the sum of the Fixed Monthly Charge, the recoverable portion of the purchase price, and capital upgrades, as listed in the price proposal.

**Note for Schedule B-4 Offers:** Prices proposed for Sub-CLIN AA identified in Schedules 1-2 shall be based on expected price levels during the first two years of operation. The effect of price inflation on costs incurred in years subsequent to the first 2 years of operation will be considered as part of the price redetermination process defined in [Section I.6](#), *Type of Contract – Price Redetermination—Prospective*.

#### **B.6.2 Sub-CLIN AB: Monthly Credit as Payment for Purchase Price**

The monthly credit is the monthly portion of the purchase price that will be credited to the Government over the number of months proposed by the offeror. The purchase price is the product of the monthly credit multiplied by the number of months the Government will receive the credit. (Sub-CLIN AB). The credit will be applied to the fixed monthly charge, as defined in Sub-CLIN AA.

#### **B.6.3 Sub-CLIN AC: Initial Capital Upgrades**

Initial Capital Upgrades are identified in [C.11.2.1](#). The requirement to perform an initial capital upgrade may originate from either a Government specified requirement, in which case the project will be listed in the relevant Utility Specific Attachment in [Section J](#) of this solicitation, or as a result of the Offeror's determination that the



upgrade is necessary to meet legally applicable regulatory requirements, or to achieve the standards typically maintained by the Offeror on its utility systems. The Offeror must provide rationale to support any projects the Offeror proposes.

The Offeror shall provide price information for capital upgrades in accordance with [C.11.2](#), *Capital Upgrades and Renewals and Replacements*. Information to support the price proposed for capital upgrades shall include project name, the interest rate, total upgrade project cost, the first full month project will be put into service, the amortization period, and the monthly charge associated with each upgrade/connection charge. This information shall be provided in Schedule 3 (See [B.7.4](#)).

The price for each initial capital upgrade is fixed. However, the price may be subject to equitable adjustment if the cost of work is materially increased or decreased as the result of a discrepancy in system inventory or condition. In order to qualify for equitable adjustment, the Offeror must clearly identify in its price proposal all relevant assumptions underlying the proposed upgrade, and for each system inventory or condition deviation, state the price adjustment and the basis for that adjustment (See Clause [C.11.1](#) and [L.7.5](#)).

The price for each upgrade will be amortized over the term proposed by the Offeror in the Price Proposal. With every monthly invoice that includes a request for payment for a capital upgrade identified in Schedule 3, the Contractor shall submit an amortization schedule. The amortization schedule shall specify for each upgrade the principal and interest component of each additional monthly payment to be included in the Fixed Monthly Charge, the number of the payment (of the total payments required), and the remaining unamortized principal balance. Future capital upgrades for which the Government agrees to pay in accordance with Paragraph [C.11](#), *Upgrades and Renewals and Replacements*, will be paid in accordance with the method proposed by the Offeror and accepted by the Government.

#### **B.6.4 Sub-CLIN AD: Recoverable Portion of the Purchase Price**

The recoverable portion of the utility system purchase price will be listed in Schedule 4 (see [B.7.5](#)) for the relevant utility system. The recoverable portion of the utility system purchase price will be added to the Fixed Monthly Charge or the Monthly Service Charge for the relevant utility system. The recoverable portion of the purchase price will be recovered in accordance with the amount and number of months agreed to by the parties in accordance with Paragraph [L.7.5](#), *Detailed Instructions for Price Proposal*.

#### **B.6.5 Economic Price Adjustment Index Methodology**

In their Price Proposals, offerors should specify the index or indices they propose as a price adjustment mechanism. Offerors should explain why the indexes proposed were selected, comprehensively describe the working of the price adjustment mechanism including the timing of adjustments and the composition of the base, and provide a sample calculation.

### **B.7 Price Schedule Data Sheets**

#### **B.7.1 General**

**Please note that Schedules 1 and 2 (see [B.7.2](#) and [B.7.3](#)) are not necessary for offerors proposing a [B.4.1](#) Tariff Proposal. All other offerors must provide the following:**

For the operations and maintenance component the Offeror shall clearly establish a direct correlation between the price listed in Schedule 1 (see [B.7.2](#)) and the operations and maintenance plan provided in accordance with section [L.4.2](#), *Operations and Maintenance/Quality Management Plan*. The Offeror shall provide detailed pricing data for all labor (direct and indirect), materials and procurement costs, insurance, equipment, general and administrative, overhead costs, and any other cost identified by the Offeror.

Renewals and Replacements are defined in paragraph [C.11.2.3](#). Renewals and Replacement are investments in the utility system to renew or replace system components that fail or reach the end of their useful life. For the Renewals and Replacements component, the Offeror shall establish a 50-year schedule for renewals and replacements of major system components given the information available in this solicitation, technical library, through site visits, and other pertinent information. The 50-year schedule for renewals and replacements shall be established as shown in



Schedule 2 (see [B.7.3](#)) in 2003 dollars (see note at [B.6.1](#)). The Offeror shall clearly establish a direct correlation between the 50-year schedule for renewals and replacements and the renewals and replacements component of the Fixed Monthly Charge presented in Schedule 1. If the correlation includes a residual value at the end of the 50-year schedule, the Offeror shall clearly demonstrate the basis for the residual value.

#### B.7.2 Schedule 1 – Fixed Monthly Charge

| Component   | Monthly Charge |
|---|----------------|
| 1. Total Operations and Maintenance (O&M) costs   |                |
| O&M costs for meters and meter reading  |                |
| O&M costs for all other utility activities  |                |
| 2. Total Renewals and Replacements (R&R) costs  |                |
| R&R costs for meters  |                |
| R&R costs for all other utility plant   |                |
| <b>Total Fixed Monthly Charge</b><br>(to be entered into subCLIN AA for Schedules <a href="#">B-2</a> , <a href="#">B-3</a> , <a href="#">B-4</a> ) |                |

#### B.7.3 Schedule 2 – Renewals and Replacements – 50 YEAR SCHEDULE

| Year   | Dollar Amount | Description of Renewal or Replacement |
|--------|---------------|---------------------------------------|
| 2004   |               |                                       |
| 2005   |               |                                       |
| 2006   |               |                                       |
| 2007   |               |                                       |
| 200X   |               |                                       |
| 200X+1 |               |                                       |
| 2052   |               |                                       |
| 2052   |               |                                       |
| 2053   |               |                                       |
| 2054   |               |                                       |

#### B.7.4 Schedule 3 – Initial Capital Upgrade(s) / Connection Charge(s)

| Project Name | Interest Rate | Project Cost (Constant \$) | First Full Month Project will Be In Service | Amortization Period (Months) | Monthly Charge |
|--------------|---------------|----------------------------|---|------------------------------|----------------|
|              |               |                            |   |                              |                |
|              |               |                            |   |                              |                |
|              |               |                            |   |                              |                |

#### B.7.5 Schedule 4 – Recoverable Portion of Purchase Price

| Item                                  | Interest Rate | Amount | First Full Month Project will Be In Service | Amortization Period (Months) | Monthly Charge |
|---------------------------------------|---------------|--------|---|------------------------------|----------------|
| Recoverable Portion of Purchase Price |               |        |   |                              |                |